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GAC-01 /140 W

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R 271037 Z MAR 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC 7986

INFO AMEMBASSY MOSCOW

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C O N F I D E N T I A L SECTION 1 OF 2 ROME 2360

E. O. 11652: GDS

TAGS: PFOR IT UR

SUBJECT: BERLINGUER VISIT TO USSR

REF: A. MOSCOW 3063; B. ROME USIA 5169 (NOTAL)

1. SUMMARY: MAJOR ITALIAN PUBLIC INTEREST IN RECENT PCI- CPSU PARTY- TO- PARTY MEETINGS IN MOSCOW HAS FOCUSED ON JOINT COMMUNIQUE, ITS ALLEGED DISTORTION BY PRAVDA, PCI SECRETARY BERLINGUER'S PRESS INTERVIEW SETTING THE RECORD STRAIGHT, AND PRAVDA'S DISTORTION OF THE PRESSINTERVIEW. ITALIAN SOCIALIST PARTY ORGAN AVANTI SHARPLY CRITICIZED PCI FOR HAVING SIGNED COMMUNIQUE WHICH OMITTED ANY REFERENCE TO CZECHOSLOVAKIA. AVANTI SUBSEQUENTLY GAVE PROMINENT SPACE TO EDITORIAL BY RIGHTWING PSI LEADER CRAXI CHARGING THAT BERLINGUER HAD FAILED TO STAND UP TO CPSU. OVERALL IMPRESSION CONVEYED BY MODERATE COVERAGE IN NON- PARTY PRESS IS THAT PRAVDA'S REPORTING PROVES MOSCOW CANNOT BE TRUSTED, EVEN BY FRATERNAL PARTY. END SUMMARY.

2. LOW- KEY ITALIAN PRESS COVERAGE OF FIRST PILGRIMAGE TO MOSCOW (MARCH 12-13) FOR PARTY- TO- PARTY CONSULTATIONS BY
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BERLINGUER AS PARTY SECRETARY WAS GIVEN A BOOST FOLLOWING THE APPEARANCE OF PRAVDA EDITORIAL WHICH APPEARED TO DISTORT SERIOUSLY SEVERAL SENSITIVE POINTS OF JOINT COMMUNIQUE ISSUED AFTER THE VISIT. ACCO330 Z

MAJOR ITEMS UNDER DISCUSSION REPORTEDLY WERE THE AUTONOMY OF INDIVIDUAL COMMUNIST PARTIES AND COMMUNIST STRATEGY IN WESTERN EUROPE. BERLINGUER IS SAID TO HAVE SOUGHT BREZHNEV'S APPROVAL FOR THE PCI LINE OF PAST SEVERAL YEARS DURING WHICH ITALIAN COMRADES HAVE MADE AN OVERTURE TOWARD BRANDT'S SOCIAL DEMOCRATS, SUPPORTED HIS OSTPOLITIK AND CALLED FOR THE ABOLITION OF OPPOSING BLOCS IN EUROPE. BERLINGUER'S RECENT CONTACTS IN LONDON WITH BRITISH LABORITES IS VIEWED AS PART OF SAME PATTERN AS IS PARTY'S QUALIFIED SUPPORT OF EUROPEAN COMMUNITY AND PARTICIPATION IN EUROPEAN PARLIAMENT. AT CENTRAL COMMITTEE MEETING IN FEBRUARY, PCI'S NEW EUROPEAN STRATEGY WAS NEATLY SUMMED UP BY BERLINGUER AS "A POLICY FOR AN AUTONOMOUS AND DEMOCRATIC WESTERN EUROPE, NEITHER ANTI-SOVIET NOR ANTI-AMERICAN, BUT, ON THE CONTRARY, BASED ON FRIENDLY RELATIONS WITH THE USSR AND THE US AND IN GENERAL WITH ALL COUNTRIES OF THE WORLD." ACCORDING PRESS COMMENTARIES, INITIAL PCI ENTHUSIASM FOR RESULTS OF BERLINGUER VISIT BASED ON APPARENT SOVIET ACCEPTANCE OF MAJOR LINES OF PCI EUROPEAN APPROACH, WAS CONSIDERABLY DAMPENED BY PRAVDA'S CUTTING JOB ON JOINT COMMUNIQUE AND FAILURE TO REPRINT PARTS OF HIS L'UNITA INTERVIEW.

8. EMBASSY HAS NO RELIABLE INFORMATION AS TO WHY PCI-CPSU MEETING OCCURRED AT THIS PARTICULAR TIME. WE HAVE HEARD THAT DATE WAS SET IN MID-FEBRUARY. ITALIAN PRESS SPECULATION, THOUGH SPARSE ON THIS POINT, GENERALLY SUPPORTS THESIS THAT BERLINGUER VISIT WAS AT SOVIET INITIATIVE. ONE REASON GIVEN IS THAT VISIT WAS TO REDRESS FACT THAT PREVIOUS BERLINGUER TRIPS TO MOSCOW (RECENTLY ON CEREMONIAL OCCASIONS) HAD LED SOME DISCORD AND POLEMICS BETWEEN THE TWO PARTIES. VOLPE

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6. HOWEVER, PSI VICE SECRETARY CRAXI (AUTONOMIST) IN MARCH 22 AVANTI AGAIN TOOK CRITICAL STANCE TOWARD BERLINGUER VISIT BY POSING THREE QUESTIONS TO PCI SECRETARY: 1) DID PCI RAISE QUESTION OF WITHDRAWAL OF SOVIET TROOPS FROM CZECHOSLOVAKIA, IN GIVEN BREZHNEV ASSURANCE THAT CONDITIONS IN CZECHOSLOVAKIA ARE COMPLETELY NORMALIZED, 2, WAS QUESTION OF RELATIVE SITUATION OF CZECH LEADERS, INTELLECTUALS AND MILITANT COMMUNISTS DISCUSSED AND 3) WHY DID PCI NOT INSIST ON INCLUDING SPECIFIC MENTION IN COMMUNIQUE OF MEASURE OF DISAGREEMENT ON QUESTIONS OF INDEPENDENCE AND SOCIALIST DEMOCRACY AS HAS BEEN DONE IN PAST. CHRISTIAN DEMOCRATIC PAPER IL POPOLO, FOR ONE, GLEEFULLY CITED CRAXI' S REMARKS FOLLOWING DAY TO POINT UP FACT THAT EVEN FRIENDLY SOCIALIST PARTY NOT SATISFIED BY RESULTS OF BERLINGUER' S VISIT.

7. FOLLOWING RETURN OF PCI DELEGATION TO ROME, CORRIERE DELLA SERA (MARCH 10) AND OTHER PAPERS CARRIED " INFORMAL" COMMENTARIES ON WHAT HAS TRANSPIRED DURING KREMLIN MEETINGS. GENERAL TENOR OF COMMENTARIES WAS THAT TWO PARTIES HAD STATED THEIR RESPECTIVE POSITIONS ON POINTS OF DIVERGENCE SUCH AS CZECHOSLOVAKIA AND CHINA, AGREED TO DISAGREE AND THEN MOVED ON TO OTHER SUBJECTS.
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PAGE 02 ROME 02360 02 OF 02 271APPARENTLY NEW TOPIC OF " INDUSTRIALIZATION: KEY TO FUTURE OPEC POLICY?", SAYING THAT " SEEDS SOWN BY THE XXXII CONFERENCE REGARDING THE IDEA OF LINKING THE OIL TRADE WITH THE ECONOMIC DEVELOPMENT OF THE PRODUCING COUNTRIES COULD BE OF IMMENSE SIGNIFICANCE IN THE LONG TERM". MEES SAYS OPEC SUGGESTING THAT MEMBERS MAY MAKE FUTURE OIL SUPPLIES TO INDUSTRIAL WORLD CONDITIONAL ON COMMITMENT BY LATTER TO 1) AINVESTMENT, MAINLY TECHNOLOGICAL IN OPEC INDUSTRIAL AND AGRICULTURAL DEVELOPMENT, 2) ACCESS FOR PRODUCTS SUCH VENTURES TO INDUSTRIAL WORLD' S MARKETS.

2. MOST OF SUPPLEMENT DEVOTED TO SUMMARY OF PAPER THIS TOPIC PRESENTED AT VIENNA BY VENEZUELAN OILMAN PEREZ LA SALVIA, WHO REVIEWED SHORT AND LONG RUN ENERGY SITUATION AND PRODUCER- CONSUMER RELATIONS. PEREZ STATED THAT MOST OPEC MEMBERS NOW ABLE FINANCE OWN INDUSTRIALIZATION BUT IMPLIED THAT DEVELOPED- WORLD MARKETS IMPENETRABLE. HE MADE SEVERAL SUGGESTIONS FOR FUTURE OPEC OBJECTIVES AS FOLLOWS IN OUR SUMMARY OF MEES SUMMARY:

A) IN VIEW FUTURE WORLD OIL NEEDS, MEMBERS COULD IN NEAR FUTURE COMMENCE DEVELOPMENT HIGH- COST OIL AND GAS WITHIN THEIR TERRITORY. MANY MEMBERS WILL WISH TO DO THIS WITHOUT FOREIGN CAPITAL PARTICIPATION.

B) OPEC CAN DO LITTLE TO PREVENT FORMATION OF A POTENTIALLY HOSTILE CONSUMER COALITION BUT IT COULD TAKE STEPS TO PREVENT LDC CONSUMERS FROM SUPPORTING SUCH AN ANTI- OPEC FRONT.

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C) IN ORDER TO MOVE DOWNSTREAM, OPEC COULD MAKE SUPPLY OF CRUDE TO REFINERIES SITUATED AT INTERMEDIATE POINTS BETWEEN PRODUCING AND CONSUMING COUNTRIES CONDITIONAL UPON ACQUISITION OF SUBSTANTIAL EQUITY PARTICIPATION IN THESE REFINERIES BY OPEC MEMBER GOVTS.

D) DESPITE LONG TERM OUTLOOK FOR SELLERS MARKET IN OIL, SURPLUS CAPACITY MAY REAPPEAR OCCASIONALLY. OPEC SHOULD LAY GROUNDWORK FOR APPROPRIATE MEASURES, PARTICULARLY FOR A PRODUCTION PROGRAM AND OTHER COOPERATIVE MEASURES.

E) INCREASING FINANCIAL RESERVES OF OPEC MEMBERS PROVIDES MEANS FOR ECONOMIC DEVELOPMENT AND LEVERAGE FOR BARGAINING WITH DEVELOPED COUNTRIES FOR MARKET ACCESS FOR MANUFACTURES. AN OPEC DEVELOPMENT BANK WOULD ENHANCE MEMBERS' LEVERAGE VIS- A- VIS INTERNATIONAL OIL INDUSTRY AND FINANCIAL SECTOR OF INDUSTRIAL NATIONS.

F) OIL EXPORTING COUNTRIES POSSESS CRUCIAL FACTOR FOR ECONOMIC GROWTH OF INDUSTRIAL STATES BUT THE " GAP" BETWEEN THE TWO WILL CONTINUE TO WIDEN UNLESS PRESENT " STRUCTURE OF OIL SUPPLY IS ALTERED". OPEC MEMBERS SHOULD USE POSITION TO PROMOTE GROWTH THEIR INDUSTRY AND AGRICULTURE, WHICH TO DATE RESTRICTED BY LACK OF ACCESS TO INDUSTRIAL NATIONAL MARKETS. ACCESS CAN BE ACHIEVED BY " NEGOTIATING TERMS FOR CONTINUED SUPPLY OF OIL WHICH PROVIDE ADVANTAGES SO FAR DENIED TO MEMBER COUNTRIES AND SPECIAL TREATMENT FOR NON- TRADITIONAL EXPORTS BY THEM."

3. OBSERVING THAT PRICE HAS BEEN UNIFYING FACTOR FOR OPEC TO DATE, MEES OPINED THAT ECONOMIC DEVELOPMENT MAY JOIN PRICE ISSUE AS THE NEW OBJECTIVE FOR CONCERTED ACTION BY THE OIL EXPORTING NATIONS.

IN PRACTICE, MEES SPECULATED, THERE MIGHT BE ACCELERATION IN CURRENT TREND TOWARD LINKING NEW OIL DEALS QSTH JOINTPYOVELOPMENT PROJECTS, PARTICULARLY IN REFINING AND PETROCHEMICALS WITHIN PRODUCING COUNTRY BORDERS. MEES SAID THAT WHILE OPSC MEMBERS DIFFER ON DESIRABILITY OF DOWNSTREAM INVESTMENT ABROAD, THEY AGREE THAT AS MANY AS POSSIBLE OF FUTURE PROCESSING LIMITED OFFICIAL USE

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FACILITIES SHOULD BE CONSTRUCTED IN OR NEAR PRODUCING AREAS.

COMMENT: WHILE SAUDI OILMIN YAMANI HAS MENTIONED CONSUMER INVESTMENT IN PRODUCER COUNTRIES IN GENERAL WAY, THIS IS FIRST WE HAVE HEARD OF POSSIBLE CONCERTED ACTION TOWARD THIS END. VIENNA' S 2357 SUGGESTS THERE MAY BE LITTLE OPEC INTEREST THIS SUBJ, INDICATING IT MAY BE SOLO VENEZUELAN EFFORT WHICH VANGUARD OR INTENDED FOR VENEZUELAN VOTERS AS JUSTIFICATION FOR VENEZUELA' S FAILURE DIVERSIFY ITS ECONOMY. MEES COULD BE OVERPLAYING A SCOOP BUT MEES USUALLY IN POSSESSION OF FAR MORE INFO THAN IT PUBLISHES AND IS TREATING THIS ONE SERIOUSLY. BUFFUM

PRIMARILY POLITICAL, INTENDED KEEP VENEZUELA IN OPEC

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